

CableFAX Daily™

Tuesday — April 9, 2013

What the Industry Reads First

Volume 24 / No. 068

Gig Growth: Will Google Fiber Fly in the Silicon Hills?

Austin, TX, will reportedly become the newest city to get ultra-high-speed **Google Fiber**. And if Tues' expected announcement comes to fruition, it will mark the 2nd big **Time Warner Cable** market to join the fiberhood, following the introduction in Kansas City last fall. It's also an **AT&T U-verse** market, like KC. Many in cable have dismissed 1 Gbps broadband as not yet needed. **Pivotal Research** cable analyst *Jeff Wlodarczark* has said that essentially no cable overbuild has ever been financially successful in the US, but his colleague *Brian Wieser* notes that expansion is probably less about broadband service and more about "providing Google with a first-look at how it may need to evolve itself." Indeed, Google is getting a first-hand look. "Austin may be one of the best sites Google could have chosen given its well-regarded start-up scene, not to mention Austin's role in showcasing new tech at the annual SXSW Interactive festival," he wrote, adding (as have others) that the initiative can help Google curry favor with Republicans and Dems alike. **BTIG** analysts also believe Google's fiber push could help inject **YouTube** functionality into the set-top and leverage set-top viewing data (particularly with combined with search data), among other things. So, what's all this going to cost? **Bernstein Research** estimates that passing Austin's 149K homes will cost approx \$84mln (\$38mln in Kansas City, KS, and \$46mln in Kansas City). That works out to \$500 per home passed in MO and \$674 in KS, with the analysts estimating the incremental cost to acquire each broadband-only home at \$464 and \$794 for double-play HHs. "We remain skeptical that Google will find a scalable and economically feasible model to extend its buildout to a large portion of the US, as costs would be substantial, regulatory and competitive barriers material, and in the end the effort would have limited impact on the global trajectory of the business," Bernstein analysts said. Said Pivotal's Wieser: "Google is, effectively 'protecting the moat' around its cash-cow paid search business by spending hundreds of millions (and eventually billions?) of dollars on Google Fiber. This may be justified because of the future-proofing aspects of the initiative, but our view is that this is one of many margin-eroding strategies that Google is pursuing to protect its core business." BTIG believes the end results holds tremendous long-term value creation potential for Google, and expects additional cities to be announced over the coming year, with increasing size and importance.

CableFAX PROGRAM AWARDS

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From the most outstanding cable programs to the best surprise ending, the annual CableFAX Program Awards honor the best in cable programming, content and people. This unique awards program from the industry's most trusted brand, CableFAX, raises the bar on what's good on and about cable. Now's your chance to win a CableFAX Program Award and get recognized for bringing value to your viewers.

It's simple to compete, as your content and people speak for themselves. But you have to enter to be considered, so don't let your competitors steal the show. We'll be honoring the winners and honorable mentions in September.



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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Sales Mgr, Susan, Kim, 301.354.2010, skim@accessintel.com ● Marketing Dir: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group ● Subs/Client Svcs: 301.354.2101 ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com

At our Deadline: Cox Comm svp, content acquisition *Bob Wilson* will retire at year-end after 34 years at the MSO. Wilson joined Cox in '79 as a business manager and one of 45 employees at its Atlanta hq, but he spent the last 20 years negotiating carriage agreements for cable and broadcast networks. Evp/CFO *Mark Bowser* called Wilson "a tough, but fair, negotiator who has advocated for the business and Cox customers" and credited him for Cox's current "competitive line-up" and "great value" to customers. "Change has been a constant throughout my career, driven by innovative technology and an increasing amount of available content," said Wilson. "I believe cable has a great product and a bright future and I've fought to protect the value of it for our customers. Despite some tough negotiations, the thing I will miss most is the relationships with programmers, peers, partners and colleagues."

Deals: Ericsson will acquire **Microsoft Mediaroom** in a deal that will make Ericsson the largest provider of IPTV tech with a market share of more than 25%. The value of the deal was not disclosed, though an Ericsson rep told *Reuters* it was somewhere between \$99mln and \$234mln. Mediaroom is the tech behind **AT&T U-Verse** and **Deutsche Telekom's** Entertain. The transaction is expected to close in the 2nd half of the year. "This acquisition contributes to a leading position for Ericsson with more than 40 customers, serving over 11 million subscriber households," said *Per Borgklint*, svp and head of business unit support solutions at Ericsson. "In addition, Ericsson will be powered with senior competence and some of the most talented people within the field of IPTV distribution."

Splitting the Loot: Cablevision and **AMC Networks** entered into an agreement Mon to allocate the settlement from **DISH** regarding **Voom**, according to an **SEC** filing. CVC will receive \$525mln, with AMCN taking the remaining \$175mln of the \$700mln cash settlement. AMC will promptly pay Cablevision \$175mln of the \$350mln it was previously disbursed pending a final determination of the allocation of the settlement, according to the agreement. DISH agreed in Oct to pay \$700mln to settle claims it breached its contract to carry the Voom HD channels. In Jan '08, after unsuccessfully trying to move Voom's 15 HD channels to a less popular tier, DISH pulled the channels.

Union Doings: CWA praised **NLRB's** decision to authorize a federal complaint against **Cablevision**, which has been negotiating with the union in Brooklyn (*Cfax, Jan 31*). The CWA charges Cablevision with various anti-union tactics in Brooklyn, as well as in the Bronx where workers voted not to unionize, but Cablevision said "the CWA's allegations are not accurate and are part of the CWA's ongoing campaign to damage Cablevision's reputation. This complaint is not a finding of any wrongdoing and now the matter will proceed to an administrative law judge and we look forward to an impartial hearing so that the facts can be fully understood."

Cybersecurity: House Intelligence Committee chmn *Mike Rogers* (R-MI) and Ranking Member *C.A. Dutch Ruppersberger* (D-MD) continue to work with the **White House** on CISP, the Cyber Intelligence Sharing and Protection Act, the lawmaker, who introduced the bill last year, said during a press conference call Mon. The bill is slated for committee markup on Wed. The amendments include provisions requiring the government to make data more anonymous and limit how it can be used, the lawmakers said. "We want to make it clear that you can only use the information (provided by the private sector) for cybersecurity purposes," Rogers said.

Outage: Intermittent technical problems affected up to 800K **Time Warner Cable** phone subs Sun, a spokesman said, but all service restored to normal by 3:15am.

NAB Notebook: News Corp COO *Chase Carey* threatened to take **Fox** off the air and convert it into a cable net if News doesn't prevail against **Aereo** in the courts, according to multiple reports. He characterized Aero as stealing Fox's signal and vowed to pursue all legal avenues. But a loss could prompt Fox to re-evaluate its business strategy, including whether to retreat from the free TV model. -- House communications subcomte chmn *Greg Walden* (R-OR) plans to dedicate much of the subcomte's time in the 113th Congress to video, according to his prepared remarks at the **NAB** show Mon. While Walden is not yet convinced that retrans reform is necessary, he urged starting discussions on other issues "in light of competition and the rise of Internet video." According to Walden, the central questions are "can we better ensure television viewers have access to the broadcast programming they want" while respecting the rights of stations, networks and the service providers? And second, "does doing so require more or less government intervention?" The conversation will be difficult but is necessary to "ensure that consumers across the country have access to high-quality, diverse, and local

BUSINESS & FINANCE

content,” Walden said.

Mad Ratings: The season 6 premiere of AMC’s “Mad Men” Sun night scored a 2.5HH rating with 3.4mln viewers, the premiere bagged 1.7mln 25-54, up 30% vs Season 5’s full series average (1.3mln). For total viewers, “Mad Men” is up 29% vs Season 5’s full series average (2.6mln).

Honors: The Cable TV Pioneers will induct a new class at the 47th annual banquet in DC on June 9, during the Cable Show. This year features 19 inductees, including ESPN’s Sean Bratches, Aris’ Ron Coppock, WE tv’s Kim Martin and former Time Warner Cable exec Stephen Pagano.

People: Cable One named Aldo Casartelli to the newly created post of vp, new products and biz dev.

Business/Finance: Scripps Nets Interactive pres/CEO Ken Lowe saw his total compensation package jump nearly 47% to \$14.2mln last year, thanks to an increase in stock awards. According to the proxy statement, Scripps Nets pres John Lansing’s compensation increased 42% to \$5.6mln. Lowe’s contract was extended through the end of ’15. -- Time Warner’s proxy shows CEO Jeff Bewkes pulled in \$25.9mln last year (down ever so slightly from ’11), with his base salary remaining at \$2mln.

CableFAX Daily Stockwatch

Company	04/08 Close	1-Day Ch	Company	04/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	55.71	0.31	CONVERGYS:	16.55	0.22
DISH:	36.40	(0.8)	CSG SYSTEMS:	20.34	0.06
DISNEY:	58.82	1.12	ECHOSTAR:	38.00	0.61
GE:	23.12	0.19	GOOGLE:	774.85	(8.2)
NEWS CORP:	31.57	0.70	HARMONIC:	5.68	0.13
MSOS					
CABLEVISION:	14.45	0.04	INTEL:	21.09	0.15
CHARTER:	104.75	(0.74)	JDSU:	13.06	0.28
COMCAST:	41.63	0.07	LEVEL 3:	20.00	0.28
COMCAST SPCL:	39.35	0.02	MICROSOFT:	28.59	(0.11)
GCI:	8.88	(0.04)	RENTRAK:	21.90	(0.18)
LIBERTY GLOBAL:	74.10	0.12	SEACHANGE:	11.39	0.11
LIBERTY INT:	21.16	0.36	SONY:	17.02	0.33
SHAW COMM:	24.00	(0.09)	SPRINT NEXTEL:	6.30	0.07
TIME WARNER CABLE:	95.97	(1.6)	TIVO:	11.57	0.02
VIRGIN MEDIA:	49.45	0.13	UNIVERSAL ELEC:	22.29	0.27
WASH POST:	438.87	5.57	VONAGE:	2.94	0.03
PROGRAMMING					
AMC NETWORKS:	64.33	1.09	YAHOO:	23.48	0.18
CBS:	46.19	0.99	TELCOS		
CROWN:	2.00	(0.01)	AT&T:	37.62	0.05
DISCOVERY:	78.88	0.32	VERIZON:	49.43	0.39
GRUPO TELEVISIA:	27.01	(0.09)	MARKET INDICES		
HSN:	53.19	(0.03)	DOW:	14613.48	48.23
INTERACTIVE CORP:	44.30	(0.14)	NASDAQ:	3222.25	18.39
LIONSGATE:	23.43	0.19	S&P 500:	1563.07	9.79
OUTDOOR:	8.85	0.03			
SCRIPPS INT:	66.89	0.94			
STARZ:	21.30	0.10			
TIME WARNER:	58.35	0.47			
VALUEVISION:	3.37	0.01			
VIACOM:	66.00	2.20			
WWE:	8.83	0.06			
TECHNOLOGY					
ADVANTAGE:	2.29	(0.03)			
ALCATEL LUCENT:	1.34	(0.04)			
AMDOCS:	35.47	0.22			
AMPHENOL:	73.04	0.99			
AOL:	39.14	0.52			
APPLE:	426.21	3.01			
ARRIS GROUP:	16.59	0.09			
AVID TECH:	6.19	(0.06)			
BLNDER TONGUE:	1.05	(0.02)			
BROADCOM:	33.56	0.48			
CISCO:	20.57	(0.04)			
CLEARWIRE:	3.27	(0.05)			
CONCURRENT:	6.49	(0.75)			



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